

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 813

97TH GENERAL ASSEMBLY

1727H.02P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 620, RSMo, by adding thereto one new section relating to early stage business development corporations.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 620, RSMo, is amended by adding thereto one new section, to be known as section 620.2700, to read as follows:

620.2700. 1. Beginning in fiscal year 2014, for four consecutive fiscal years, the state shall pay the sum of eight million dollars per year to the Missouri department of economic development (DED) for the sole purpose of paying such funds to no more than five Early Stage Business Development Corporations (ESBDCs), which are Missouri not-for-profit corporations designated by DED under this section, in amounts as follows:

(1) Two million dollars for each fiscal year to one ESBDC operating in each of the three largest metropolitan statistical areas (MSAs) in the state if designated by DED as an ESBDC.

(2) One million dollars for each fiscal year to two ESBDCs operating in either rural areas of Missouri or in MSAs other than the three largest MSAs in the state if designated by DED as an ESBDC.

2. An ESBDC is a Missouri not-for-profit corporation designated by DED as a recipient of funds under this section that provides grants to winners of a national or international competition for early stage businesses with substantial operations in Missouri or that begin operating in Missouri and have potential national or international sales, or potential development of new technologies. To be eligible for designation under this section, the Missouri not-for-profit corporation must provide grants to early stage for-

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 profit companies without taking an equity interest in the for-profit companies. The grants
19 shall not be in the form of loans, except in the case of Missouri not-for-profit companies
20 operating in rural areas or in MSAs other than the three largest MSAs in the state. Grants
21 provided by an ESBDC to for-profit early stage companies must not exceed two hundred
22 thousand dollars per company. Notwithstanding anything else herein to the contrary,
23 ESBDCs designated by the DED which operate in rural areas or in MSAs other than the
24 three largest in the state may, in addition to other purposes, provide grants to early stage
25 companies for marketing agricultural products, conducting agricultural research or
26 providing services to improve crop or livestock production.

27 3. In order to be eligible for designation by DED under this section, a Missouri not-
28 for-profit corporation operating in one of the three largest MSAs must have raised at least
29 two million dollars to be used for grants as set forth in subsection 2 of this section from
30 sources other than the state at any point before applying. Failure to raise this required
31 sum makes a Missouri not-for-profit corporation ineligible for DED designation under this
32 section. Once such sum is raised, there shall be no further requirement to raise additional
33 funds in order to be designated or continue to be designated by DED under this section.

34 4. In order to be eligible for designation by DED under this section, a Missouri not-
35 for-profit corporation operating in rural areas or in MSAs other than the three largest in
36 the state must have raised at least the sum of one hundred fifty thousand dollars to be used
37 for grants as set forth in subsection 2 of this section in funds at any point before applying.
38 Failure to raise this required sum makes a Missouri not-for-profit corporation ineligible
39 for DED designation under this section. For such a Missouri not-for-profit corporation
40 operating in rural areas or in MSAs outside the three largest in Missouri, once such sum
41 is raised, there shall be no further requirement to raise additional funds in order to be
42 designated or continue to be designated by DED under this section.

43 5. Each Missouri not-for-profit corporation seeking to be designated by the DED
44 under this section as an ESBDC must apply for such designation by no later than October
45 fifteenth of the fiscal year for which funds are sought or it shall not be designated. The
46 DED shall make a decision regarding whether or not to approve such application for
47 designation within sixty days of the date of application and can extend the time for decision
48 a maximum of an additional thirty days. Designation by DED shall not be unreasonably
49 withheld or delayed.

50 6. Designation by DED under this section of an ESBDC shall be for a period of two
51 consecutive years of funding.

52 **(1) No more than one Missouri not-for-profit corporation, if any, shall be designated**
53 **by DED as an ESBDC in an MSA which is one of the three largest in Missouri, and no**
54 **other ESBDC shall be designated by DED for that MSA for such two-year period.**

55 **(2) No more than two Missouri not-for-profit corporations, if any, shall be**
56 **designated by DED as an ESBDC in rural areas or in MSAs other than the three largest**
57 **in the state and if two in such areas are designated by DED, no other ESBDC shall be**
58 **designated by DED from rural areas or from MSAs other than the three largest in the state**
59 **during that period.**

60 **7. If, in any year, no Missouri not-for-profit corporation is designated under this**
61 **section by the DED as an ESBDC for one of the three largest MSAs in a year, the two**
62 **million dollars in funds for that year, which otherwise would have gone to an ESBDC in**
63 **such area, shall be paid by DED to the ESBDCs designated in the remaining two largest**
64 **MSAs in equal amounts. In the event that, for any year in which there is no designation**
65 **by DED of an ESBDC in two of the largest MSAs, the two million dollars in funds for that**
66 **year for each such MSA shall be paid by DED to the ESBDC which has been designated**
67 **by DED in the remaining MSA, which is one of the three largest in the state. In the event**
68 **no Missouri not-for-profit corporation is designated for any year in any of the three largest**
69 **MSAs, the funds, which otherwise would have gone to ESBDCs in such MSAs, shall be**
70 **paid by DED to the ESBDCs operating in rural areas or in an MSA outside the three**
71 **largest in the state.**

72 **8. In the event only one ESBDC is designated by the DED operating in rural areas**
73 **or in a MSA other than the three largest MSAs, the one million dollars otherwise payable**
74 **to a second ESBDC in such areas shall be paid by DED to the designated ESBDC operating**
75 **in rural areas or in an MSA other than the three largest. In the event no ESBDC is**
76 **designated by the DED in rural areas or in an MSA other than the three largest, the two**
77 **million dollars for such ESBDCs in such areas shall be paid by DED to those ESBDCs that**
78 **have been designated, in one or more of the three largest MSAs, in equal amounts.**

79 **9. Missouri not-for-profit corporations meeting the requirements of this section,**
80 **including those previously designated under this section by the DED, may apply for**
81 **designation for an additional two-year period following the first two-year period. The**
82 **same standards for designation and requirements for ESBDCs and timing of applications**
83 **and DED designations set forth in this section shall apply to the second two-year period.**

84 **10. The DED shall evaluate the following criteria in determining whether to**
85 **designate a Missouri not-for-profit corporation under this section:**

86 **(1) Potential growth of jobs in Missouri;**

87 **(2) Development of Missouri early stage businesses which can lead to national or**
88 **international sales;**

89 **(3) Level of business support services provided to grant recipients by the community**
90 **in which the applicant operates; and**

91 **(4) Level of funds raised from sources other than the state.**

92 **11. In the event multiple applications are submitted to DED by Missouri not-for-**
93 **profit corporations for designation under this section for the same area, and, if such**
94 **Missouri not-for-profit corporations comply with the requirements set forth in this section,**
95 **then the DED shall designate as the ESBDC for that area the Missouri not-for-profit**
96 **applicant that has a history of having raised the largest total of funds, other than from the**
97 **state, as of the date of the application.**

98 **12. DED shall be required to pay the sum as required by this section to those**
99 **ESBDCs as set forth in this section and shall have no discretion to withhold all or any**
100 **portion of the payments received by DED under this section to such ESBDCs.**

101 **13. Funds provided by this section may be used by the ESBDC for administrative**
102 **expenses, grants, operations, and building a long-term endowment for grants.**

103 **14. Funding under this section shall end unless renewed, after the sum of thirty-two**
104 **million dollars has been paid to DED for payment to ESBDCs under this section. In the**
105 **event that eight million dollars in funding is paid to DED for payment to ESBDCs under**
106 **this section in four consecutive years, then no further funding under this section shall be**
107 **approved without this section being renewed.**

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